

## Message Text

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ACTION NEA-10

INFO OCT-01 EA-07 ISO-00 IO-11 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 L-03 H-02 DODE-00 PA-01 PRS-01

FEA-01 INT-05 OES-03 /112 W  
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R 300540 Z JAN 76

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 3504

INFO AMCONSUL DHAHRAN

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: EAID, EINV, EFIN, EGEN, JA, SA

SUBJECT: SAUDI/JAPANESE JOINT COMMITTEE MEETINGS

REF (A) TOKYO 1034, (B) 75 TOKYO 18171

1. ACCORDING TO A MINISTRY OF PLANNING OFFICIAL WHO TOOK PART IN DISCUSSIONS, THE SAUDI/JAPANESE JOINT COMMITTEE MEETINGS OF JANUARY 13 AND 14 WERE LESS THAN A COMPLETE SUCCESS. THE TWO SIDES DID AGREE TO SET UP A SECRETARIAT TO ADMINISTER COMMITTEE MATTERS IN RIYADH. EVIDENTLY THIS SECRETARIAT WILL FOCUS PRIMARILY ON TECHNICAL ASSISTANCE PROJECTS UNDER THE ALREADY EXISTING SAUDI/JAPANESE TECHNICAL COOPERATION AGREEMENT. THE JAPANESE PRESENTED A COMPREHENSIVE LIST OF PROJECTS INCLUDING EDUCATION, EXPANSION OF THE ON-GOING PROJECT AT THE RIYADH VOCATIONAL TRAINING CENTER, EXPLORATION FOR NON-METALLIC MINERALS, A MASTER PLAN FOR A COUNTRY-WIDE ELECTRIC POWER GRID, AND SO ON.

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2. THE SAUDIS WERE MORE CONCERNED, HOWEVER, WITH AN APPARENT DECISION OF THE JAPANESE FIRM MITSUBISHI TO PULL OUT OF PETROCHEMICAL, REFINERY AND POSSIBLY SPONGE IRON PROJECTS WHICH WERE BEING DISCUSSED WITH PETROMIN (SAUDI MARKETING AGENCY FOR PETROLEUM PROJECTS WHICH HAS BEEN RESPONSIBLE FOR NEGOTIATING JOINT VENTURES). EVIDENTLY THE JAPANESE ASSURANCE OF "THE WILLINGNESS OF JAPANESE ENTERPRISES CONCERNED TO PARTICIPATE IN THESE PROJECTS" (IN THE JOINT PRESS COMMUNIQUE) WAS SPECIFICALLY INTENDED BY THE JAPANESE AS EVIDENCE OF THEIR GOOD FAITH IN PROMISING TO URGE MITSUBISHI TO RECONSIDER. THE TOTAL COST OF MITSUBISHI PROJECTS, IN 1975 DOLLARS, WOULD BE WELL OVER \$3 BILLION. HISHAM NAZER, MINISTER OF PLANNING, IS HIGHLY PESSIMISTIC ABOUT CHANCES THAT THE JAPANESE GOVERNMENT WILL BE ABLE TO CHANGE MITSUBISHI'S DECISION, ACCORDING TO OUR SOURCE. AS BEST WE COULD PIN IT DOWN, THE PRIME PROBLEM SEEMS TO BE THAT MITSUBISHI IS NOT WILLING TO ACCEPT SAUDI PRICES FOR THE CRUDE AND NATURAL GAS FEED STOCKS NECESSARY IN ITS PLANTS. (PRESS RELEASE BEING POUCHED)

3. THE EMBASSY ALSO UNDERSTANDS THAT JAPANESE HAVE HAD SOME DIFFICULTY ADJUSTING TO SAUDI IDIOSYNCRASIES. FOR EXAMPLE, JAPANESE HAD WANTED 6 OR 7 MINISTERS FROM EACH SIDE TO TAKE PART IN FUTURE WORK OF THE COMMITTEE. IN ACTUAL FACT, IT IS ALMOST IMPOSSIBLE TO COLLECT 6 SAUDI MINISTERS IN THE SAME PLACE FOR ANYTHING OTHER THAN A COUNCIL OF MINISTERS' MEETING (AND THAT IS PROBLEMATIC). DCM OF JAPANESE EMBASSY HERE HAS ALSO TOLD US THAT NAZER RECENTLY INFORMED HIM, IN VERY EMPHATIC TERMS, THAT HE, NAZER, WAS GOING TO JAPAN IN APRIL. ALTHOUGH THE JAPANESE WILL NOT BE READY TO DISCUSS ANYTHING AT THAT TIME, NAZER IS INSISTING.

4. EMBASSY SOURCE HAS MADE AVAILABLE THE LISTING OF ALL JAPANESE INDUSTRIAL PROJECTS IN SAUDI ARABIA (INCLUDING THE MITSUBISHI PROJECTS MENTIONED ABOVE, AND PROJECTS WHICH INVOLVE ONLY THE PRIVATE SECTOR) WHICH THE JAPANESE PRESENTED AT COMMITTEE MEETINGS. LIST IS BEING POUCHED ALONG WITH DESCRIPTION OF POSSIBLE TECHNICAL COOPERATION PROJECTS.

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NNN

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